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ABSTRACT

To maintain public support, higher education in Missouri must make significant changes in the next few years, changes which will place the state's community colleges in a unique leadership position. Specifically, several pressing short, medium, and long-range issues facing the state's community colleges can be identified. Short-range issues include securing strong recommendations from the state Coordinating Board of Higher Education and the Governor to make higher education funding a top priority and establishing institutional priorities which secure additional state funding. In addition, the Hancock II Bill, which would reduce state support should be defeated, and a general obligation bond issue which would provide $5.7 million in capital funding should be passed. Medium range issues include dealing with the School-to-Work Initiative, which while it seeks to provide a shrinking workforce with higher level skills, will not be the only solution. Also, the Job Training and Partnership Act, which is funded heavily but may not be providing an adequate return on the investment, should be reviewed. Finally, long-range issues facing higher education in Missouri include addressing the increasing necessity of linking budgeting decisions with institutional performance. The state and its community colleges have, in fact, been leaders in the movement away from enrollment driven funding formulas in favor of student outcome-driven models, with funding based on number of degrees, certificates, and transfers. (KP)

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Missouri Community College Association Trustee Workshop

Remarks Delivered by Dr. Charles McClain

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Missouri Community College Association
Trustee Workshop

St. Charles County Community College
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Remarks Delivered by
Dr. Charles J. McClain

I am enormously delighted to be with you today. It is always a pleasure for me to meet with community college trustees and presidents. The openness of community college leaders to new ideas and the need for periodic change and self-renewal is indeed refreshing -- and realistic. The inevitability of change in our society has become a cliche, but significant change within the higher education system must occur in the next few years for us to maintain our public support. Community colleges will have a key leadership position as these changes unfold.

I also enjoy spending time with community college trustees and presidents because the role of your institutions is so very important to the future for our state and nation. Community colleges can and do make a difference every day in the lives of ordinary citizens, often keeping hope alive for those who most need it.

Notwithstanding the immediacy of the issues facing us and the sense of urgency all of us feel about the future of our institutions and Missouri's system of higher education, I am often somewhat awed by the relevance of speeches or commentaries written thirty or more years ago. Some could have been written just yesterday. For example, in 1960 Leland L. Medsker offered the following comments in a report titled The Junior College -- Progress and Prospect.

> "If all internal problems are to be met, and if, in addition, the two-year college is to be represented in the deliberations of the persons and agencies which shape the external factors affecting it, the absolute necessity for able leadership is apparent. The increasing scope and complexity of this institution not only demand new administrators to fill new openings but also demand that these administrators be men and women with far-reaching educational vision; capable of interpreting society's needs and expectations; committed to the types of students this institution serves; adept at working with faculties, governing boards, community groups, as well as with representatives of other segments of education; and possessing the integrity that commands the respect of lay and professional people. If the task seems complex, it is only

because the institution these leaders are to serve is complex."

I think the key to shaping the future of a complex institution in a period of very rapid change is the ability to conceive of new possibilities and different ways of accomplishing old tasks, or in the words of the great American philosopher William James, "... the infinite value of non-habitual perception"! With this objective in mind, I intend to divide the remainder of this talk into three parts -- much as Caesar divided ancient Gaul; that is,

- Short range issues, or how to make 1994-95 the best year ever for community colleges;

- Medium range issues, or those questions that will be particularly salient during the next two to three years; and

- Long-range issues which will impact our institutions and system throughout the remainder of this decade and into the dawn of the next century.

Short-range Issues

The 1994-95 budget is, of course, a short range issue. We had a good year last year and it is important -- indeed, vital -- that we keep higher education as a high priority. In our system of budgeting, every point along the way is critical. But two points are especially important: the recommendations of the CBHE and the Governor. A weak recommendation from either of them provides much room for the General Assembly to produce a weak recommendation. I have watched this process since the old Commission of Higher Education was formed in 1963, and it has held true for 31 years. It is easy to say that the CBHE does not have much power, and in a governance sense that statement is quite correct. In terms of the budget, however, it is not correct. Stated another way, a good CBHE recommendation does not guarantee a good appropriation, but a bad one or even one that is poorly articulated can almost cripple the rest of your efforts to get adequate funding. I pledge, therefore, my continued strong support for a favorable budget recommendation for all of Missouri's public colleges and universities.

A key factor in the likelihood of our success in securing additional state support will be the strategy we use in

establishing our institutional priorities. Recent history suggests that initiatives which are consistent with institutional missions and which are responsive to clearly understood state needs will be critical to our success in securing additional resources. For example, the FY 1995 budget for the community colleges includes $2.0 million for work force preparation, that is, funds specially targeted to improve the ability of community colleges to provide the skilled workers necessary to maintain and enhance the local economy in each district and the surrounding region. Although $2.0 million is a substantial sum in actual dollars, it represents nearly one-third of all the new revenue received by the community college sector. I am convinced that in the future automatic inflationary adjustments which principally recognize only continued existence will be increasingly difficult to obtain. The public and their representatives, however, will be more likely to support initiatives that provide specific services which address clearly identified needs.

Today is, of course, the deadline for the submission of initiative petitions to the Secretary of State's Office. We are all waiting nervously in anticipation of the outcome of the Hancock II petition initiative. If it is on the ballot, I believe it will be very hard to defeat. Unfortunately, such an observation does not

qualify me as even a minor prophet. Nevertheless, the decline in state support in recent years for community colleges could turn out to be a kind of "good news, bad news story" if Hancock II becomes law. When next November 9 dawns, you may indeed be fortunate that your institutions have local tax bases and that their reliance on state support is no larger than 1/3. Although this may be a time for mixed emotions, we must also work hard to assure that this Sword of Damocles does not fall upon us.

In terms of additional possibilities for positive action, I want to remind you that the legislature has provided you with an immediate opportunity on August 2nd to assist in passing the $250 million general obligation bond issue for capital funding. $5.7 million of this total has been appropriated for community college capital purposes and will become available if the Fourth State Building Bond receives a majority vote at the August election. Unfortunately, I am very concerned that, if this bond issue fails, the pressures to build prison facilities will be so great that the state will be forced to fund construction from general revenue. Higher education's struggle to compete for state resources is already difficult enough without an additional demand of over $100 million for new prison facilities. As a consequence, I urge you to explain and strongly support

this issue with your faculty, staff, students, alumni, and other voters in your communities. It is also important for the public to know that debt service for the bond is already appropriated for this year; therefore, passage of the bond will not require a tax increase or reduction in other programs.

Medium-Range Issues

Any number of issues beyond those related to immediate survival will be clamoring for your attention, but three in particular come to my mind that are especially relevant to the community colleges, and -- interestingly -- all of them involve federal initiatives. That is,

- the School-to-work Initiative of the Clinton Administration;
- the Job Training and Partnership Act; and
- the State Postsecondary Review Program.

School-to-Work. As a state and nation, we are struggling with ways to design a system of education that fits the needs of a relatively smaller manufacturing work force --- a work force which must also possess a much

higher level of skills. The school-to-work initiative is yet another attempt to deal with the issue. The community colleges are ably represented on the Governor's committee to deal with this issue by President Marvin Fielding of State Fair Community College and Dean Patricia Sims of Heart of the Ozarks Technical Community College. I am also on the committee and will lend my support to the effort.

In my judgment, we need more than 25-30 percent of our population with so-called high tech skills -- particularly more knowledge of technology, science, and mathematics. Further, I think it is critical to realize that much of our current system of higher education is the envy of the world, and we do not want to weaken it in an honest attempt to get more of our students to a higher level. The fact is, we are not totally sure how to fix the problem of the majority of young people who will not acquire an advanced undergraduate degree but who need advanced skill training to be productive citizens! Clearly, the community colleges should have a major role.

I would caution, however, that while the school-to-work initiative is a genuine effort, it will not be a silver bullet or a panacea. I think we should approach this task as an opportunity, but we should not jump on the

proverbial Leacock's Horse and ride off in all directions.

JTPA. The word is out that there are large dollars involved in this program. Yet, it is a subject of concern with many observers whether the return on that investment is adequate. For example, in FY 1993 Missouri received more than $78 million dollars in JTPA funds to serve a total of 18,673 economically disadvantaged Missouri citizens. Almost 28 percent (over 5,200) of those served were high school youth provided summer jobs or enrolled in summer enrichment programs. Of the 13,453 adults served, 65 percent completed their various programs and were employed 13 weeks later. Only 57 percent of the youth enrolled in summer enrichment programs acquired skills to enhance their employability.

I think that for this program, as with all of our efforts that depend on public funds, we need solid evidence that the funds are being used as effectively as possible. While the community colleges receive a relatively small portion of JTPA funds, I hope they will take a leadership role in this effort. The efforts of a few can make a difference.

SPRE. The State Postsecondary Review Program is an attempt by the federal government to make institutions

receiving student financial aid more accountable. The governor in each state had some flexibility in the assignment of this function. Governor Carnahan chose the CBHE, in part because we already manage many of the financial aid programs available to postsecondary students as well as the fact that large parts of the proprietary sector are already assigned to us. I am making this latter point because while there are many fine proprietary schools, it is also a fact that a disproportionate amount of loan defaults are incurred by students who attend these institutions. Of course, there is a direct relationship between defaults rates and the number of high-risk students served.

In any event, with respect to the implementation of the SPRE program, we have tried to be as non-intrusive in writing the proposed review standards as possible. I don't believe it is proper for the federal government to ask the state government to make hard decisions that it is unwilling to make itself. Thus, we have used a minimalist approach in this implementation process rather than use it as an opportunity to micromanage postsecondary institutions in Missouri. I hope you agree with that approach.

Long-Range Issues

Now let's put on our field glasses and look at the more distant future for higher education in Missouri. Increasingly, states are asking their institutions for evidence of the results of their work. Three state documents have come to my attention in the last two months -- one from Wisconsin, one from Kentucky, and one from Louisiana -- and each reveals an emerging emphasis nationally on the necessity of linking budgeting decisions with institutional performance. For example,

- From Wisconsin ... "In moving away from an enrollment funding formula to one that stresses quality, the University of Wisconsin system seeks to demonstrate system responsibility .... To combat a dramatic decline in state support per student, the University of Wisconsin system implemented an enrollment management plan emphasizing quality as a primary goal over maintaining access."

- From Kentucky ... "Beginning in fiscal year 1995/96, Kentucky's state-supported colleges and universities will receive all of their funding increases based, not upon the number of

students enrolled, but upon the performance of those institutions in selected outcomes-oriented accountability measures. ... Prior to 1995/96, the funding formula used to distribute funds appropriated for the state-supported universities and colleges was based on a series of input measures with most weight given to student enrollment data. ... The performance funding for 1995/96 represents the first step in a process of developing a results-oriented, performance-based funding model for public higher education in Kentucky."

- And from Louisiana ... "The Board of Regents recommends that ... methods [be examined] to make the General Revenue Requirement formula less dependent on student enrollment and more responsive to institutional mission; moreover, ... the formula [shall include] incentives for institutions that meet goals set by the Board of Regents."

I am very pleased that Missouri and its community colleges have been leaders in the movement away from enrollment driven funding formulas. As many of you know, several years ago the community college presidents, with your help, succeeded in getting the General Assembly to

take community colleges off a credit hour driven formula. This was a major policy change. I have no doubt that this change has enabled presidents and their staffs to focus much more on educational issues rather than on entrepreneurial activities. The challenges of serving the students who attend the community colleges are truly daunting. Medsker got that right in 1960. But, we must keep trying new and exciting ways to foster learning and to keep the attention of those students who are sometimes less interested in academics than the pleasure of the moment. I know this is a difficult task, but I also know that we cannot simply make our cases for additional resources solely because students have enrolled at our institutions. Rather, we need to concentrate on the student learning that has occurred as well as the needs our institutions have addressed successfully.

In this respect, I would like to bring you quickly up to date on the Coordinating Board's funding process for community colleges which we call **Funding for Results.** Without going into the details, let me just say that we have worked very closely with the staffs of your colleges and we have had splendid cooperation. We all realize that we must show evidence -- that is, produce evidence -- that our work with students is making a difference and that educational results are being achieved. As board

members, one of your most important roles is asking for the evidence about student learning. This helps presidents focus on the educational issues in addition to the issues related to bucks, books and fund balances.

In the larger context of funding for community colleges, we must have the commitment of the Governor and the General Assembly if we are to be successful. I am excited about describing the successes of the community colleges in terms of concrete educational results. I believe we have achieved a measure of success with both the Governor and General Assembly in this regard. Governor Carnahan's FY 1995 Executive Budget states that "... a portion of the funding for higher education institutions should be directly tied to the results they produce. Institutions should be rewarded for success in achieving desired results in meeting Missouri's needs for college graduates. .... For community colleges, the funding is based on the number of degrees, certificates, and transfers to four-year institutions. As more assessment instruments become available for two-year programs, this dimension will be added to the community college calculation."

While we are all delighted with the appropriation of $500,000 for funding for results for this fiscal year, I am almost equally pleased with the possibility of using

this budget strategy as a means for opening a meaningful dialogue among the institutions, the CBHE, Governor, and legislature regarding what I consider to be the real business of higher education -- its educational results. In the long run, only those colleges that have academic integrity will truly prosper.

Conclusion: The Imperative for Change

In the April 1994 issue of Policy Perspectives published by the Pew Charitable Trusts, the following observation is recorded.

> "Our argument is simple and to the point: no institution will emerge unscathed from its confrontation with an external environment that is substantially altered, and in many ways, more hostile to colleges and universities."

I hope that each of you will have a chance to read this issue. It is quite provocative.

At the risk of oversimplifying the position advocated by the Pew Trusts, the public wants colleges and

universities to get the message about prices, access, and quality. In a very real sense, the argument about the cost and quality of the delivery of higher education services parallels the concerns being expressed for health care -- that is, access, price, and quality. The current debate about health care may provide a window to higher education's future in five to ten years if we cannot successfully address these issues.

These external demands for increased accountability are being fueled by the discontent of many public policy makers and the public itself. They are concerned about perceived abuses associated with tenure, a perceived unwillingness by college and universities to streamline sometimes bloated, hierarchical bureaucracies, and a perceived tendency within the academy to emphasize internal agendas such as research and entrenched programs rather than the public's need for improved teaching and responsiveness to emerging issues such as international competitiveness. Unfortunately, this list is just a small sample of the concerns expressed by external public policy makers.

Recently, I came across this terrible statement in the book <u>The Dean's December</u> by Nobel Prize winner Saul Bellow.

> "There are high welfare categories as well as low ones. Some professors work hard, said the dean. Most of them do. But a professor, when he gets tenure, doesn't have to do anything. A tenured professor and a welfare mother with eight kids have much in common."

In Bellow's book, the dean who made this statement eventually decided he had to resign his deanship because of his heretical statements. Yet, there are many citizens who would agree with the characterization. I have defended tenure when it was an unpopular thing to do, but it is an issue that is still out there. In a similar vein, during the past legislative session I was trying to convince a senator that putting a non-voting faculty member on public four-year governing boards was a good idea. The senator, who has been a long-time friend of higher education, said to me, "You know how the public feels about professors, and how upset they would be if they were put on boards." Wow! This is surely strong words for trustees like Dan and Jean and their colleagues around the state. I guess you are purified if you are elected! Unfortunately, this is just one of many signs that colleges and universities must change to regain their once elevated position in the public's eye. The difficulty of this challenge is exacerbated by the shortage of state revenue and the perception of many

policy makers that higher education is increasingly a private benefit rather than a public good, making higher education a discretionary public expenditure. As a result, the drumbeat for change will undoubtedly intensify.

The Pew Trusts report is also suggesting that higher education's near monopoly status will be lost in the next several years. When I first heard that statement, I frowned, winced, and probably got a little angry. But, as is so often the case, further reflection proved useful. For example,

- Who would have anticipated the breakup AT&T?

- Who would have predicted the changing nature of banking or the successful deregulation of the airlines? and

- Who would have thought that such states as California and Florida would begin to deregulate the electric and gas utilities?

The monopolies in our society seem to be falling -- one by one. In addition, America's preeminent, worldwide economic position has been eroded, and one measure of the change is our national trade deficit. But, what are some

of the results? Well, AT&T has rebounded nicely and is quite robust; the Baby Bells are exciting companies. Savings and loans companies have also rebounded and have gone public in many instances. American industry has had to down-size and become more efficient, but many industries are emerging with surprising strength. The strong, efficient electric utilities will almost certainly emerge from the coming economic changes with a strengthened posture, but their monopoly status will have passed. (Incidentally, utility stocks are down about 30 percent on the stock market, but after listening to this speech, I may go out and buy some.) My crystal ball is murky about the future of education -- elementary through Ph.D. -- but I suspect we won't escape a serious effort to become deregulated, so to speak.

What form some of these changes might take is difficult to say, but we shall surely be required to rethink in a dramatic fashion our customary ways of doing business. For example, the Pew Trusts report suggests that higher education should lower significantly the proportion of its budget devoted to personnel costs -- from the current 80 percent to 50 percent. Such a change will necessitate a major new way of organizing how we deliver education to our customers.

Another dimension of the impending change is the tremendous challenge and opportunity facing our institutions as a result of recent developments in information technology. Perhaps "magic" is the best word one can use to describe the opportunities opening up to even the smallest, most remote institutions as a result of linkage to the global network of educational, governmental, and research computers generally described as the Internet. As trustees you must challenge your institutions to make maximum educational use of the educational opportunities this new technology affords or risk being left behind in the race to the future.

Higher education institutions will either embrace the economic, sociological, and technological changes that are coming or someone else will take our markets. Our near monopolies will have been lost. I believe that it is urgent for community colleges to take the leadership in this area. Let's open our eyes to new possibilities and view the future as a time of great opportunity. If we do, we can be similar to the new and improved AT&T. If we don't, there could, over time, be more Chapter 11's in our higher education system.

In closing, I will quote from a speech delivered by William Arrowsmith to the American Council on Education in 1966. At the time he delivered his speech,

Dr. Arrowsmith was a university professor in arts and letters at the University of Texas. He stated that the future of teaching proclaims our university scholars as being "unprecedentedly powerful ... but their power is professional and technocratic; as educators they have been eagerly disqualifying themselves for more than a century and their disqualification is now nearly total." He further states, "It is men and women we need, not programs."

Indeed, the future of higher education in Missouri and across this great nation will be determined by dedicated men and women such as you who are gathered here today. We dare not tarry for the development of the perfect program that will ensure success; nor should we look to the emergence of a super-hero to accomplish extraordinary feats on our behalf. Rather, let us resolve today to band together as ordinary men and women who care deeply about the future to achieve extraordinary results for our children and grandchildren. It is, after all, our watch and our responsibility!

I hope that I have said something that will provoke further thought and discussion. If so, I shall be very pleased and immensely rewarded.